

**CITY OF BELLEVUE  
BELLEVUE, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2012**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

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**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**OFFICIALS**

Name	Title	Term Expires
<b>(Before January 2012)</b>		
Virgil Murray	Mayor	2012
Dan Blitgen	Council Member	2014
Michael Dempewolf	Council Member	2012
Tim Roth	Council Member	2012
Gary Feuerbach	Council Member	2014
Darla Lawson	Council Member	2014
Loras Herrig	Administrator	2012
Janet Callaghan	City Clerk	2012
Cindy Blake	Assistant Clerk	2012
Steven Kahler	Attorney	2012
Lynn Schwager	Police Chief	2012
Chuck Kueter	Street Supt.	2012
<b>(After January 2012)</b>		
Chris Roling	Mayor	2016
Dan Blitgen	Council Member	2014
Tim Roth	Council Member	2016
Gary Feuerbach	Council Member	2014
Darla Lawson	Council Member	2014
Allen Ernst	Council Member	2016
Loras Herrig	Administrator	2013
Janet Callaghan	City Clerk	2013
Cindy Blake	Assistant Clerk	2013
Steven Kahler	Attorney	2013
Lynn Schwager	Police Chief	2013
Chuck Keuter	Street Supt.	2013

# **O'CONNOR, BROOKS & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

W.H. LEGLAR, CPA  
S.J. DOMEYER, CPA  
M.A. KUEPERS, CPA  
J.W. HANNAN, CPA  
M.P. RUGGEBERG, CPA  
P.C. MCCARTHY, CPA  
E.A. SCHILLING, CPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bellevue's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2013, on our consideration of the City of Bellevue's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the City of Bellevue's basic financial statements. Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 10 and 31 through 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*

Dubuque, Iowa  
January 29, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Bellevue provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- Receipts included \$830,566 in property tax, \$250,105 in TIF, \$173,838 in local option tax, \$207,819 in road use tax. Both property taxes and TIF are reduced from fiscal year 2011.
- Disbursements increased 46.2% in fiscal 2012 from fiscal 2011, a total of \$2,981,734. Disbursements in governmental activities increased 18.1%, a total of \$456,736 and business type activities disbursements increased \$2,524,998 or 64.1%. The large increase in disbursements is mostly attributed to the refinancing of the telecommunications debt and the refinancing of an existing street note.
- The City's total cash basis net assets increased \$1,180,384 or 67.5% from June 30, 2011 to June 30, 2012. Of this amount, the assets of the governmental activities increased \$165,347 and the assets of the business type activities increased \$1,015,037. The majority of the increase in business type activities assets is the result of increased profits in the electric utility and a financing of the telecommunication utility reconstruction. These costs were initially financed internally.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary Information provides detailed information about the nonmajor governmental funds and proprietary funds and the City's indebtedness.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include water, sewer, electric, garbage, ambulance service, and telecommunications services. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund; 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains ten Enterprise Funds to provide separate information for the water, sewer, electric, garbage, ambulance, cable television, and customer deposits funds.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$1,113,107 to \$1,278,454. The analysis that follows focuses on the changes in cash balances for governmental activities.

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### Changes in Cash Basis Net Assets of Governmental Activities

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	Year ended June 30,	
	2012	2011
Receipts and transfers:		
Program Receipts:		
Charges for services	\$ 72,456	\$ 58,241
Operating grants and contributions	343,633	671,561
Capital grants and contributions	5,600	231,810
General Receipts:		
Property tax	830,566	837,102
Tax increment financing	250,105	286,488
Local option sales tax	173,838	172,740
Other city tax	42,902	16,801
Unrestricted investment earnings	3,062	4,699
Proceeds of debt	875,000	---
Other general receipts	30,580	48,380
Transfers, net	512,403	521,640
	-----	-----
Total receipts and transfers	\$3,140,145	\$2,849,462
	-----	-----
Disbursements:		
Public safety	\$ 622,602	\$ 690,612
Public works	403,312	429,592
Culture and recreation	280,469	272,426
Community and economic development	26,558	50,640
General government	431,432	347,785
Debt service	617,641	690,358
Capital projects	378,484	36,649
Payment to refund notes	214,300	---
	-----	-----
Total disbursements	\$2,974,798	\$2,518,062
	-----	-----
Increase in cash basis net assets	\$ 165,347	\$ 331,400
Cash basis net assets beginning of year	1,113,107	781,707
	-----	-----
Cash basis net assets end of year	\$1,278,454	\$1,113,107
	=====	=====



Total receipts for the City's governmental activities increased by 10.2%, or \$290,683. The total cost of all programs and services increased 18.1%, or \$456,736. The increase in receipts was caused mainly by an increase in loan proceeds of \$875,000 along with a decrease in grants and contributions of \$328,000.

The cost of all governmental activities this year was \$2,974,798 compared to \$2,518,062 last year. Disbursements in the culture and recreation, general government, and capital projects functions increased \$433,525 while public safety, public works, community and economic development, and debt service decreased \$191,089. The main increase in disbursements was a street improvement project and a payment to refund debt.

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### Changes in Cash Basis Net Assets of Business Type Activities

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	Year Ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charge for services:		
Water	\$ 274,127	\$ 277,806
Electric	2,265,754	2,271,236
Sewer rental	428,155	438,198
Sanitation	282,829	285,203
Ambulance	130,470	139,030
Telecommunications	819,665	816,428
Operating grants and contributions	12,642	8,271
General receipts:		
Unrestricted interest on investments	5,892	8,583
Miscellaneous	107,827	100,076
Proceeds of debt	3,150,000	---
Total receipts	<u>\$ 7,477,361</u>	<u>\$ 4,344,831</u>
Disbursements and transfers:		
Water	\$ 376,824	\$ 220,087
Electric	1,864,704	1,854,957
Sewer rental	184,102	169,084
Sanitation	261,309	249,745
Ambulance	65,687	106,784
Telecommunications	3,185,399	804,681
Customer's deposits	11,896	10,348
Transfers, net	512,403	521,640
Total disbursements and transfers	<u>\$ 6,462,324</u>	<u>\$ 3,937,326</u>
Increase (decrease) in cash basis net assets	\$ 1,015,037	\$ 407,505
Cash basis net assets beginning of year	635,039	227,534
Cash basis net assets end of year	<u><u>\$ 1,650,076</u></u>	<u><u>\$ 635,039</u></u>

Total business type activities receipts for the fiscal year were \$7,477,361 compared to \$4,344,831 last year. The increase in receipts was due to additional borrowing for the telecommunications project.

Total disbursements and transfers for the fiscal year were \$6,462,324 compared to \$3,937,326 last year. Disbursements increased due to additional improvements to the telecommunications system, refunding of the telecommunications notes, and water main improvements.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bellevue completed the year, its governmental funds reported a combined fund balance of \$1,278,454, an increase of \$165,347 from last year's total. The following are the major reasons for the changes in fund balances of the major funds from the previous year.

- The General Fund cash balance decreased from \$745,002 to \$630,045 due an increase in general government costs.
- The Capital Projects Fund cash balance increased from \$11,613 to \$296,724 due to borrowing to pay for the Park Street project.
- The Debt Service Fund cash balance remained relatively unchanged from the prior year.

## **INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased from \$338,337 to \$196,439 due to the Jefferson Street water improvements.
- The Electric Fund cash balance increased from \$790,532 to \$936,730 as a result of continued expense reduction measures instituted by staff. Reserves are being increased at this time to pay for future improvements.
- The Electric – Capital Equipment Fund cash balance increased from \$116,385 to \$246,030. This fund is being increased by transfer from the Electric Fund. Eventually, these funds will be used for planned improvements.
- The Sewer Fund cash balance increased from \$(59,003) to \$(10,620). This fund will eventually have a positive cash balance as rate increases and cost cutting return the operation to profitability.
- The Sanitation Fund cash balance decreased from \$15,227 to \$1,596 as a result of increased operating expenses. Rates have been increased to return the operation to profitability.
- The Ambulance Fund cash balance increased from \$216,109 to \$285,039. This fund continues to grow as call volume remains strong. No major expenditures are anticipated so growth in reserves should continue.
- The Telecommunications Fund cash balance increased from \$(812,404) to \$(34,032) due to additional borrowing and refinancing of debt.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 24, 2012 to provide for possible disbursements before year end.

The City's receipts remained strong through year end, but did not reach the amended levels.

The City's total disbursements were under budget by \$3,583,850. The actual disbursements that were anticipated did not happen before year end. Some of the expenses actually occurred in the next fiscal year.

## DEBT ADMINISTRATION

At June 30, 2012, the city had \$7,845,398 in long-term debt, compared to \$4,600,431 last year, as shown below.

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Outstanding Debt at Year-end		
<hr/>		
	June 30,	
	2012	2011
General obligation notes	\$ 2,597,500	\$ 2,439,546
Revenue notes	3,107,450	1,912,711
Other obligations	184,085	248,174
	-----	-----
Total	\$ 5,889,035	\$ 4,600,431
	=====	=====

During the year ended June 30, 2012, the City issued \$875,000 of general obligation notes to finance street and sanitary sewer improvements. In addition, approximately \$214,300 was used to currently refund street improvement notes issued in May 2009. The City also issued \$3,150,000 of telecommunications revenue notes to finance improvements to the telecommunications system, refund the telecommunications notes issued in April 2010, and decrease the deficit balance in the telecommunications fund.

Total principal paid during the year excluding payments to refund notes was \$656,167.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,597,500 is below its constitutional debt limit of \$6,244,407.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Numerous issues were taken into account when adopting the budget for fiscal year 2013. Total revenues anticipated are \$6,258,968, an increase from 2012 where total actual receipts were \$6,075,103. Total disbursements anticipated are \$8,407,765, an increase from 2012 where total actual disbursements were \$7,058,790. The city continues to increase reserves to provide for future economic downturns while upgrading infrastructure where needed.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Loras Herrig, City Administrator, 106 N. Third Street, Bellevue IA 52031 or 563-872-4456.

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs:	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Public safety	\$ 622,602	\$ 10,127	\$ 97,900	\$ ---	\$ (514,575)	\$ ---	\$ (514,575)
Public works	403,312	---	217,622	---	(185,690)	---	(185,690)
Culture and recreation	280,469	43,719	28,111	---	(208,639)	---	(208,639)
Community and economic development	26,558	---	---	---	(26,558)	---	(26,558)
General government	431,432	18,610	---	---	(412,822)	---	(412,822)
Debt service	617,641	---	---	---	(617,641)	---	(617,641)
Capital projects	378,484	---	---	5,600	(372,884)	---	(372,884)
Total Governmental Activities	\$ 2,760,498	\$ 72,456	\$ 343,633	\$ 5,600	\$ (2,338,809)	\$ ---	\$ (2,338,809)
Business Type Activities:							
Water	\$ 376,824	\$ 274,127	\$ ---	\$ ---	\$ ---	\$ (102,697)	\$ (102,697)
Electric	1,809,670	2,265,754	4,371	---	---	460,455	460,455
Electric - capital equipment	55,034	---	---	---	---	(55,034)	(55,034)
Sewer rental	184,102	428,155	---	---	---	244,053	244,053
Sanitation	261,309	282,829	---	---	---	21,520	21,520
Ambulance	65,687	130,470	8,271	---	---	73,054	73,054
Telecommunications	1,319,470	819,665	---	---	---	(499,805)	(499,805)
Customer deposits	11,896	---	---	---	---	(11,896)	(11,896)
Total Business Type Activities	\$ 4,083,992	\$ 4,201,000	\$ 12,642	\$ ---	\$ ---	\$ 129,650	\$ 129,650
Total	\$ 6,844,490	\$ 4,273,456	\$ 356,275	\$ 5,600	\$ (2,338,809)	\$ 129,650	\$ (2,209,159)

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
<b>General Receipts and Transfers:</b>							
Property tax levied for:							
General purposes					\$ 696,356	\$ ---	\$ 696,356
Debt service					134,210	---	134,210
Tax increment financing					250,105	---	250,105
Local option sales tax					173,838	---	173,838
Other city tax					42,902	---	42,902
Unrestricted interest on investments					3,062	5,892	8,954
Interfund debt repayment					---	64,089	64,089
Miscellaneous					25,580	43,738	69,318
Proceeds of debt					658,184	1,284,071	1,942,255
Proceeds of refunding debt					216,816	1,865,929	2,082,745
Sale of assets					5,000	---	5,000
Payment to refund notes					(214,300)	(1,865,929)	(2,080,229)
Transfers					512,403	(512,403)	---
<b>Total General Receipts and Transfers</b>					<b>\$ 2,504,156</b>	<b>\$ 885,387</b>	<b>\$ 3,389,543</b>
<b>Change in Cash Basis Net Assets</b>					<b>\$ 165,347</b>	<b>\$ 1,015,037</b>	<b>\$ 1,180,384</b>
<b>Cash Basis Net Assets Beginning of Year</b>					<b>1,113,107</b>	<b>635,039</b>	<b>1,748,146</b>
<b>Cash Basis Net Assets End of Year</b>					<b>\$ 1,278,454</b>	<b>\$ 1,650,076</b>	<b>\$ 2,928,530</b>
<b>Cash Basis Net Assets:</b>							
Restricted:							
Expendable:							
Urban renewal purposes					\$ 109,452	\$ ---	\$ 109,452
Debt service					3,022	---	3,022
Public safety					3,573	---	3,573
Streets					43,363	---	43,363
Museum					21,483	---	21,483
Library					16,275	---	16,275
Ambulance					96,860	---	96,860
Fire department					112,444	---	112,444
Unrestricted					871,982	1,650,076	2,522,058
<b>Total Cash Basis Net Assets</b>					<b>\$ 1,278,454</b>	<b>\$ 1,650,076</b>	<b>\$ 2,928,530</b>

See notes to financial statements.

**EXHIBIT "B"**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Receipts:</b>					
Property tax	\$ 519,097	\$ ---	\$ 134,210	\$ 177,259	\$ 830,566
Tax increment financing	---	---	---	250,105	250,105
Other city tax	125,757	---	---	86,919	212,676
Licenses and permits	18,610	---	---	---	18,610
Use of money and property	8,260	111	179	1,297	9,847
Intergovernmental	83,534	---	---	217,622	301,156
Charges for services	43,844	---	---	---	43,844
Miscellaneous	18,131	5,300	---	57,507	80,938
Total Receipts	\$ 817,233	\$ 5,411	\$ 134,389	\$ 790,709	\$ 1,747,742
<b>Disbursements:</b>					
Operating:					
Public safety	\$ 585,505	\$ ---	\$ ---	\$ 37,097	\$ 622,602
Public works	112,645	---	---	290,667	403,312
Culture and recreation	280,469	---	---	---	280,469
Community and economic development	6,000	---	---	20,558	26,558
General government	431,432	---	---	---	431,432
Debt service	---	---	617,641	---	617,641
Capital projects	---	378,484	---	---	378,484
Total Disbursements	\$ 1,416,051	\$ 378,484	\$ 617,641	\$ 348,322	\$ 2,760,498
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (598,818)	\$ (373,073)	\$ (483,252)	\$ 442,387	\$ (1,012,756)

See notes to financial statements.



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Other Financing Sources (Uses):</b>					
Proceeds of debt	\$ ---	\$ 658,184	\$ ---	\$ ---	\$ 658,184
Proceeds of refunding debt	---	---	216,816	---	216,816
Sale of capital assets	---	---	---	5,000	5,000
Payment to refund notes	---	---	(214,300)	---	(214,300)
Operating transfers in	613,861	---	482,415	3,000	1,099,276
Operating transfers out	(130,000)	---	---	(456,873)	(586,873)
Total Other Financing Sources (Uses)	\$ 483,861	\$ 658,184	\$ 484,931	\$ (448,873)	\$ 1,178,103
Net Change in Cash Balances	\$ (114,957)	\$ 285,111	\$ 1,679	\$ (6,486)	\$ 165,347
Cash Balances Beginning of Year, as Restated	745,002	11,613	1,343	355,149	1,113,107
Cash Balances End of Year	\$ 630,045	\$ 296,724	\$ 3,022	\$ 348,663	\$ 1,278,454
<b>Cash Basis Fund Balances:</b>					
Restricted for:					
Urban renewal purposes	\$ ---	\$ ---	\$ ---	\$ 109,452	\$ 109,452
Debt service	---	---	3,022	---	3,022
Public safety	3,573	---	---	---	3,573
Streets	4,855	---	---	38,508	43,363
Museum	21,483	---	---	---	21,483
Library	16,275	---	---	---	16,275
Ambulance	---	---	---	96,860	96,860
Fire department	---	---	---	112,444	112,444
Committed for capital projects	---	296,724	---	---	296,724
Assigned for:					
Railroad related improvements	26,012	---	---	---	26,012
Public safety	9,763	---	---	---	9,763
Unassigned	548,084	---	---	(8,601)	539,483
Total Cash Basis Fund Balances	\$ 630,045	\$ 296,724	\$ 3,022	\$ 348,663	\$ 1,278,454

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES**

**PROPRIETARY FUNDS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			
	Water	Electric	Electric- Capital Equipment	Sewer Rental
<b>Operating Receipts:</b>				
Use of money and property	\$ ---	\$ 3,278	\$ ---	\$ ---
Charges for service	274,127	2,262,476	---	428,155
Miscellaneous	5,597	17,202	---	3,040
Total Operating Receipts	\$ 279,724	\$ 2,282,956	\$ ---	\$ 431,195
<b>Operating Disbursements:</b>				
Business type activities	\$ 193,292	\$ 1,809,670	\$ 55,034	\$ 184,102
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ 86,432	\$ 473,286	\$ (55,034)	\$ 247,093
<b>Non-Operating Receipts (Disbursements):</b>				
Intergovernmental	\$ ---	\$ 4,371	\$ ---	\$ ---
Interest on investments	922	3,435	590	---
Interfund debt repayments	---	---	64,089	---
Debt service	(40,000)	---	---	---
Capital projects	(143,532)	---	---	---
Total Non-Operating Receipts (Disbursements)	\$ (182,610)	\$ 7,806	\$ 64,679	\$ ---
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (96,178)	\$ 481,092	\$ 9,645	\$ 247,093
<b>Other Financing Sources (Uses):</b>				
Proceeds of debt	\$ ---	\$ ---	\$ ---	\$ ---
Proceeds of refunding debt	---	---	---	---
Payment to refund notes	---	---	---	---
Operating transfers in	---	---	120,000	---
Operating transfers out	(45,760)	(334,894)	---	(198,710)
Total Other Financing Sources (Uses)	\$ (45,760)	\$ (334,894)	\$ 120,000	\$ (198,710)
Net Change in Cash Balances	\$ (141,938)	\$ 146,198	\$ 129,645	\$ 48,383
Cash Balances Beginning of Year	338,377	790,532	116,385	(59,003)
Cash Balances End of Year	\$ 196,439	\$ 936,730	\$ 246,030	\$ (10,620)
<b>Cash Basis Fund Balances:</b>				
Unrestricted	\$ 196,439	\$ 936,730	\$ 246,030	\$ (10,620)

See notes to financial statements.

**CITY OF BELLEUE  
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Enterprise Funds				
	Sanitation	Ambulance	Telecom- munications	Nonmajor	Total
<b>Operating Receipts:</b>					
Use of money and property	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,278
Charges for services	282,829	130,470	819,665	---	4,197,722
Miscellaneous	588	181	6,156	10,974	43,738
Total Operating Receipts	\$ 283,417	\$ 130,651	\$ 825,821	\$ 10,974	\$ 4,244,738
<b>Operating Disbursements:</b>					
Business type activities	\$ 261,309	\$ 65,687	\$ 715,453	\$ 11,896	\$ 3,296,443
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ 22,108	\$ 64,964	\$ 110,368	\$ (922)	\$ 948,295
<b>Non-Operating Receipts (Disbursements):</b>					
Intergovernmental	\$ ---	\$ 8,271	\$ ---	\$ ---	\$ 12,642
Interest on investments	---	945	---	---	5,892
Interfund debt repayments	---	---	---	---	64,089
Debt service	---	---	(175,328)	---	(215,328)
Capital projects	---	---	(428,689)	---	(572,221)
Total Non-Operating Receipts (Disbursements)	\$ ---	\$ 9,216	\$ (604,017)	\$ ---	\$ (704,926)
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 22,108	\$ 74,180	\$ (493,649)	\$ (922)	\$ 243,369
<b>Other Financing Sources (Uses):</b>					
Proceeds of debt	\$ ---	\$ ---	\$ 1,284,071	\$ ---	\$ 1,284,071
Proceeds of refunding debt	---	---	1,865,929	---	1,865,929
Payment to refund notes	---	---	(1,865,929)	---	(1,865,929)
Operating transfers in	---	---	100,000	---	220,000
Operating transfers out	(35,739)	(5,250)	(112,050)	---	(732,403)
Total Other Financing Sources (Uses)	\$ (35,739)	\$ (5,250)	\$ 1,272,021	\$ ---	\$ 771,668
Net Change in Cash Balances	\$ (13,631)	\$ 68,930	\$ 778,372	\$ (922)	\$ 1,015,037
Cash Balances Beginning of Year	15,227	216,109	(812,404)	29,816	635,039
Cash Balances End of Year	\$ 1,596	\$ 285,039	\$ (34,032)	\$ 28,894	\$ 1,650,076
<b>Cash Basis Fund Balances:</b>					
Unrestricted	\$ 1,596	\$ 285,039	\$ (34,032)	\$ 28,894	\$ 1,650,076

See notes to financial statements.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies:**

The City of Bellevue is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides, water, sewer, electric, sanitation, and cable and internet telecommunication utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Bellevue, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jackson County Assessor's Conference Board, Jackson County Joint E911 Service Board, Bellevue Economic Tourism Association, and Jackson County Municipal League.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Basis of Presentation (Continued)**

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

*Expendable restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Principles: (Continued)**

**B. Basis of Presentation (Continued)**

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Electric Fund accounts for the operation and maintenance of the City's electric system.

The Enterprise, Electric – Capital Equipment Fund is used to account for capital improvements relating to the City's enterprise funds.

The Enterprise, Sewer Rental Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Enterprise, Sanitation Fund is used to account for the operation and maintenance of the City's refuse collection services.

The Enterprise, Ambulance Fund is used to account for the operation and maintenance of the City's ambulance service.

The Enterprise, Telecommunications Fund is used to account for the operation and maintenance of the City's cable television and internet system.

**C. Measurement Focus and Basis of Accounting**

The City of Bellevue maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants and then by general receipts.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Principles: (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Governmental Cash Basis Fund Balances**

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the capital projects function.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 2 - Cash and Pooled Investments:**

The City's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

**Note 3 - Bonds and Notes Payable:**

Annual debt service requirements to maturity for general obligation bonds/notes and revenue notes are as follows:

Year Ending June 30	General Obligation Bonds/Notes		Revenue Notes	
	Principal	Interest	Principal	Interest
2013	\$ 547,500	\$ 91,619	\$ 118,186	\$ 110,906
2014	562,500	73,633	122,584	106,508
2015	417,500	54,708	127,148	101,944
2016	377,500	38,385	131,882	97,210
2017	157,500	23,368	136,790	92,302
2018-2022	535,000	42,363	502,734	400,826
2023-2027	---	---	557,492	308,368
2028-2032	---	---	667,440	198,420
2033-2037	---	---	743,194	72,918
	<u>\$ 2,597,500</u>	<u>\$ 324,076</u>	<u>\$ 3,107,450</u>	<u>\$ 1,489,402</u>



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 3 - Bonds and Notes Payable: (Continued)**

Year Ending June 30	Other Obligations		Total	
	Principal	Interest	Principal	Interest
2013	\$ 64,085	\$ ---	\$ 729,771	\$ 202,525
2014	40,000	---	725,084	180,141
2015	40,000	---	584,648	156,652
2016	40,000	---	549,382	135,595
2017	---	---	294,290	115,670
2018-2022	---	---	1,037,734	443,189
2023-2027	---	---	557,492	308,368
2028-2032	---	---	667,440	198,420
2033-2037	---	---	743,194	72,918
	<u>\$ 184,085</u>	<u>\$ ---</u>	<u>\$ 5,889,035</u>	<u>\$ 1,813,478</u>

Following is a summary of the terms and conditions of the notes outstanding as of June 30, 2012.

*Revenue Notes:*

On March 8, 2012, the City issued \$3.15 million in telecommunications revenue and refunding notes with initial interest rates of 3.5%-3.8% to currently refund \$1.858 million of outstanding telecommunications revenue notes with a variable interest rate of 3.86% and provide approximately \$1,280,000 for improvements to the City's telecommunications system. The City currently refunded the old telecommunications notes to change its debt service requirements from approximately \$2.6 million over 18 years to approximately \$4.7 million over 25 years (approximately \$2.2 million is related to the refunding of the old revenue notes), resulting in an economic gain (difference between the present value of the old and new debt) of approximately \$48,000.

Both the old and new debt issues have variable interest rates; therefore, the debt service requirements and economic gain resulting from the refunding are based on the interest rates in effect at the date of the refunding. Due to future interest rate fluctuations, the debt service requirements and economic gain resulting from the refunding may vary from the amounts presented.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 3 - Bonds and Notes Payable: (Continued)**

The City has pledged future telecommunications customer receipts, net of specified operating disbursements, to repay \$3,150,000 in telecommunications revenue and refunding notes issued March 8, 2012. Proceeds from the notes were used for the refunding of project notes and provided financing for improving the City's telecommunications system. The notes are payable solely from telecommunications customer net receipts and are payable through 2037. Annual principal and interest payments on the notes are expected to require less than 28 percent of the receipts. Total principal and interest remaining to be paid on the notes is \$4,596,852. For the current year, principal and interest paid and total customer net receipts were \$76,364 and \$819,665, respectively.

The resolution providing for the issuance of the telecommunications revenue notes include the following provisions:

- (a) The principal of the notes bears interest from the date of the notes until the first interest adjustment date at the rate of 3.5% to 3.8% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 the ("Interest Adjustment Dates"), the interest rate on the notes will be adjusted to a rate equal to 2.0% to 2.5% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System.
- (b) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (c) Establish a Sinking Fund and make a monthly cash transfer equal to the principal and interest installment due on the next succeeding payment date.

The City's Telecommunications Fund balance is insufficient to meet the Sinking Fund requirements.

*General Obligation Notes:*

On September 1, 2006, the City entered into a loan agreement with Bankers Trust and provided for issuance of \$1,850,000 in General Obligation Corporate Purpose Notes.

On May 29, 2009, the City entered into a loan agreement with Bellevue State Bank and provided for the issuance of \$350,000 in General Obligation Street/Sidewalk Improvement Notes.

On May 29, 2009, the City entered into a loan agreement with Fidelity Bank and provided for the issuance of \$350,000 in General Obligation Street/Sidewalk Improvement Notes.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 3 - Bonds and Notes Payable: (Continued)**

On November 23, 2009, the City entered into a loan agreement with Bellevue State Bank and provided for the issuance of \$125,000 in General Obligation/Water and Sanitary Sewer Improvement Notes.

On November 23, 2009, the City entered into a loan agreement with Fidelity Bank and provided for the issuance of \$125,000 in General Obligation/Water and Sanitary Sewer Improvement Notes.

On March 1, 2010, the City issued \$815,000 of general obligation refunding bonds with an average rate of 1.62% to redeem \$780,000 in 1999 Series revenue notes and 2000 Series general obligation notes with an average rate of 5.04%.

On September 15, 2011, the City entered into a loan agreement with Bellevue State Bank and provided for the issuance of \$425,000 in general obligation street improvement and refunding notes to redeem \$214,300 of 2009 Series general obligation notes with an interest rate of 3.95% and provide approximately \$208,000 for street improvements. The City refunded the 2009 general obligation notes to change its debt service requirement from approximately \$239,000 over 5 years to approximately \$495,000 over 10 years (approximately \$247,000 is related to the refunding of the old notes), resulting in an economic gain (difference between the present value of the old and new debt) of approximately \$8,000.

On June 1, 2012, the City entered into a loan agreement with Bellevue State Bank and provided for the issuance of \$450,000 in general obligation storm sewer improvement notes.

*Other Obligations:*

On February 1, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$240,886 expended for municipal water and sewer improvements for an area annexed on the northerly city limits of Bellevue. This amount will be repaid in annual installments of \$24,089 with the final payment due June 1, 2014.

On June 30, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$400,000 expended for municipal wells. This amount will be repaid in annual installments of \$40,000 with the final payment due December 1, 2015.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 4 - Pension and Retirement Benefits:**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$83,225, \$77,062, and \$73,274, respectively, equal to the required contributions for each year.

**Note 5 - Other Postemployment Benefits (OPEB):**

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 21 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Medical Associates Health Plans. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$465 for single coverage and \$1,182 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2012, the City contributed \$192,589 and plan members eligible for benefits contributed \$60,794 to the plan.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 6 - Development Agreements:**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate the incremental tax paid by the developer in exchange for the construction of buildings, housing, and certain infrastructure by the developers. The obligations under these agreements are subject to annual appropriation by the City Council. The total to be paid by the City under these agreements is not to exceed \$3,828,808.

The City has rebated a total of \$34,857 under these agreements. Of this amount \$20,558 was paid during the current year.

These agreements are not a general obligation of the City. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

**Note 7 - 28 E Agreements:**

Communications Services -

On May 23, 1983, the City entered into a 28E Agreement with the City of Maquoketa. The agreement is for the purpose of providing the City of Bellevue with communication services for law enforcement and community protection purposes.

Community Protection Services -

On May 27, 1986, the City entered into a 28E Agreement with the Cities of Maquoketa, Preston, and Sabula. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 24, 1990, the City entered into a 28E Agreement with Jackson County. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 28, 1999, the City entered into a 28E Agreement with the Bellevue Rural Fire Agency of Jackson County. The agreement is for the purpose of providing more efficient fire protection.

Landfill Operation -

In 1971 the City entered into a 28E Agreement with other Jackson County communities. The agreement is for the purpose of providing more efficient landfill operations.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 7 - 28 E Agreements: (Continued)**

Contract Law Enforcement -

In 2012, the City renewed its 28E Agreement with the Corp. of Engineers to provide increased law enforcement services during the period of May 15 - September 15, 2012 for the Pleasant Creek Recreation Area, Mississippi River Project.

**Note 8 - 28 D Agreement:**

Drug Task Force -

In 1997, the City entered into a 28D Agreement with various Jackson County and Jones County law enforcement agencies. The purpose of the agreement is to recognize the guidelines, terms and conditions set forth in the Iowa Code Chapter 28D relating to the interchange of federal, state, and local government employees in regards to the above 28E Drug Task Force Agreement.

**Note 9 - Compensated Absences:**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave and personal leave accumulates but is not payable upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation leave termination payments payable to employees at June 30, 2012 primarily relating to the General and Utility Funds, is as follows:

Type of Benefit	Amount
-----	-----
Vacation	\$ 68,447
	=====

The liability has been computed based on rates of pay as of June 30, 2012.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 10 - Interfund Transfers:**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to -----	Transfer from -----	Amount -----
General	Special Revenue:	
	Employee Benefits	\$ 177,408
	Enterprise:	
	Water	35,760
	Electric	214,894
	Sewer Rental	35,760
	Sanitation	32,739
	Ambulance	5,250
	Telecommunications	112,050
		-----
		\$ 613,861
		-----
Special Revenue:	Enterprise:	
LOT - Street Improvement	Sanitation	\$ 3,000
		-----
Debt Service	General	\$ 30,000
	Special Revenue:	
	TIF - District	228,009
	LOT - Street Improvement	51,456
	Enterprise:	
	Water	10,000
	Sewer Capital	162,950
		-----
		\$ 482,415
		-----
Enterprise:		
Electric - <del>Capital Equipment</del>	Electric - <del>Capital Equipment</del>	\$ 120,000
Telecommunications	General	100,000
		-----
Total		\$1,319,276
		=====

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move "in lieu of tax" payments from the enterprise funds, and (4) provide capital contributions.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 11 - Risk Management:**

The City of Bellevue is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2012 were \$105,395.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Note 11 - Risk Management: (Continued)**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

**Note 12 - Deficit Fund Balance:**

The LOT – Street Improvement Fund, Sewer Rental Fund and the Telecommunications Fund had deficit balances at June 30, 2012, in the amount of \$8,601, \$10,620, and \$34,032, respectively.

**Note 13 - Related Party Transactions:**

The City had business transactions between the City and City officials totaling \$2,047 during the year ended June 30, 2012.

**Note 14 - Commitments and Contingencies:**

In fiscal year 2012, the City entered into a contract totaling \$343,049 for Park Street storm water drainage improvements. At June 30, 2012, \$133,775 had been paid under the contract.

**Note 15 - Subsequent Events:**

Subsequent events have been evaluated by management through January 29, 2013, which is the date the financial statements were available to be issued.

**OTHER  
INFORMATION**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION**

**YEAR ENDED JUNE 30, 2012**

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts	Final to Total Variance
				Original      Final	
<b>Receipts:</b>					
Property tax	\$ 830,566	\$ ---	\$ 830,566	\$ 830,304	\$ 262
Tax increment financing	250,105	---	250,105	281,133	(31,028)
Other city tax	212,676	---	212,676	229,760	(17,084)
Licenses and permits	18,610	---	18,610	14,900	3,710
Use of money and property	9,847	9,170	19,017	11,100	7,917
Intergovernmental	301,156	12,642	313,798	276,794	37,004
Charges for service	43,844	4,197,722	4,241,566	4,193,146	(4,344,647)
Miscellaneous	80,938	107,827	188,765	60,250	128,515
<b>Total Receipts</b>	<b>\$ 1,747,742</b>	<b>\$ 4,327,361</b>	<b>\$ 6,075,103</b>	<b>\$ 5,897,387</b>	<b>\$ (4,215,351)</b>
<b>Disbursements:</b>					
Public safety	\$ 622,602	\$ ---	\$ 622,602	\$ 595,474	\$ 112,934
Public works	403,312	---	403,312	402,929	766,073
Culture and recreation	280,469	---	280,469	285,328	69,859
Community and economic development	26,558	---	26,558	282,133	255,575
General government	431,432	---	431,432	410,895	29,463
Debt service	617,641	---	617,641	388,356	159,259
Capital projects	378,484	---	378,484	---	(378,484)
Business-type activities	---	4,083,992	4,083,992	3,374,750	2,783,471
<b>Total Disbursements</b>	<b>\$ 2,760,498</b>	<b>\$ 4,083,992</b>	<b>\$ 6,844,490</b>	<b>\$ 5,739,865</b>	<b>\$ 3,798,150</b>

CITY OF BELLEVUE  
BELLEVUE, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS)-  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION**

**YEAR ENDED JUNE 30, 2012**

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$(1,012,756)	\$ 243,369	\$ (769,387)	\$ 157,522	\$ (352,186)	\$ (417,201)
Other Financing Sources (Uses), Net	1,178,103	771,668	1,949,771	---	750,000	1,199,771
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under)	\$ 165,347	\$ 1,015,037	\$ 1,180,384	\$ 157,522	\$ 397,814	\$ 782,570
Disbursements and Other Financing Uses	1,113,107	635,039	1,748,146	1,024,456	1,024,456	723,690
Balances Beginning of Year	\$ 1,278,454	\$ 1,650,076	\$ 2,928,530	\$ 1,181,978	\$ 1,422,270	\$ 1,506,260

See accompanying independent auditor's report.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**NOTES TO OTHER INFORMATION  
BUDGETARY REPORTING**

**JUNE 30, 2012**

The budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$4,902,775. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the capital projects function.

**SUPPLEMENTARY  
INFORMATION**

CITY OF BELLEVUE  
BELLEVUE, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue						Total
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Ambulance Gift Fund	
<b>Receipts:</b>							
Property tax	\$ ---	\$ 177,259	\$ ---	\$ ---	\$ ---	\$ ---	\$ 117,259
Tax increment financing collections	---	---	250,105	---	---	---	250,105
Other city tax	---	---	---	86,919	---	---	86,919
Use of money and property	---	149	737	---	411	---	1,297
Intergovernmental	207,819	---	---	9,803	---	---	217,622
Miscellaneous	---	---	---	4,318	32,829	20,360	57,507
Total Receipts	\$ 207,819	\$ 177,408	\$ 250,842	\$ 101,040	\$ 33,240	\$ 20,360	\$ 790,709
<b>Disbursements:</b>							
Operating:							
Public safety	\$ ---	\$ ---	\$ ---	\$ ---	\$ 37,097	\$ ---	\$ 37,097
Public works	208,270	---	---	82,397	---	---	290,667
Community and economic development	---	---	20,558	---	---	---	20,558
Total Disbursements	\$ 208,270	\$ ---	\$ 20,558	\$ 82,397	\$ 37,097	\$ ---	\$ 348,322
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (451)	\$ 177,408	\$ 230,284	\$ 18,643	\$ (3,857)	\$ 20,360	\$ 442,387
<b>Other Financing Sources (Uses):</b>							
Sale of capital assets	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,000	\$ ---	\$ 5,000
Transfers in	---	---	---	3,000	---	---	3,000
Transfers out	---	(177,408)	(228,009)	(51,456)	---	---	(456,873)
Total Other Financing Sources (Uses)	\$ ---	\$ (177,408)	\$ (228,009)	\$ (48,456)	\$ 5,000	\$ ---	\$ (448,873)

See accompanying independent auditor's report.

CITY OF BELLEVUE  
BELLEVUE, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue							Total
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Ambulance Gift Fund		
Net Change in Cash Balances	\$ (451)	\$ ---	\$ 2,275	\$ (29,813)	\$ 1,143	\$ 20,360	\$	(6,486)
Cash Balances Beginning of Year	38,959	---	107,177	21,212	111,301	76,500		355,149
Cash Balances End of Year	<u>\$ 38,508</u>	<u>---</u>	<u>\$ 109,452</u>	<u>\$ (8,601)</u>	<u>\$ 112,444</u>	<u>\$ 96,860</u>	\$	<u>348,663</u>
<b>Cash Basis Fund Balances:</b>								
Restricted for:								
Urban renewal purposes	\$ ---	\$ ---	\$ 109,452	\$ ---	\$ ---	\$ ---	\$	109,452
Streets	38,508	---	---	---	---	---		38,508
Ambulance	---	---	---	---	---	96,860		96,860
Fire department	---	---	---	---	112,444	---		112,444
Unassigned	---	---	---	(8,601)	---	---		(8,601)
Total Cash Basis Fund Balances	<u>\$ 38,508</u>	<u>---</u>	<u>\$ 109,452</u>	<u>\$ (8,601)</u>	<u>\$ 112,444</u>	<u>\$ 96,860</u>	\$	<u>348,663</u>



**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2012**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<b>General Obligation Bonds/Notes:</b>									
<b>Fire Station Note:</b>									
Maquoketa Valley Electric Cooperative	July 23, 2001	---	\$ 102,467	\$ 10,246	\$ ---	\$ 10,246	\$ ---	\$ ---	\$ ---
<b>Street/Water/Sewer Improvements Notes:</b>									
Bankers Trust	September 1, 2006	3.90%-4.30%	1,850,000	1,010,000	---	185,000	825,000	42,509	---
Bellevue State Bank	November 29, 2009	3.75%	125,000	100,000	---	25,000	75,000	3,813	---
Fidelity Bank	November 29, 2009	3.75%	125,000	100,000	---	25,000	75,000	3,813	---
<b>Street Improvement Notes:</b>									
Bellevue State Bank	May 29, 2009	3.95%	150,000	107,150	---	107,150	---	1,258	---
Fidelity Bank	May 29, 2009	3.95%	150,000	107,150	---	107,150	---	1,258	---
Bellevue State Bank	September 15, 2011	3.24%	425,000	---	425,000	42,500	382,500	9,830	---
<b>Street/Sidewalk Improvement Note:</b>									
Bellevue State Bank	May 29, 2009	3.95%	350,000	280,000	---	35,000	245,000	9,938	---
Fidelity Bank	May 29, 2009	3.95%	350,000	280,000	---	35,000	245,000	9,938	---
<b>Sewer Refunding Bonds:</b>									
Bankers Trust	March 1, 2010	1.00%-2.00%	815,000	445,000	---	145,000	300,000	7,450	---
<b>Storm Sewer Improvements Note:</b>									
Bellevue State Bank	June 1, 2012	2.99%	450,000	---	450,000	---	450,000	---	---
<b>Total General Obligation</b>			<b>\$ 2,439,546</b>	<b>\$ 2,439,546</b>	<b>\$ 875,000</b>	<b>\$ 717,046</b>	<b>\$ 2,597,500</b>	<b>\$ 89,807</b>	<b>\$ ---</b>

CITY OF BELLEVUE  
BELLEVUE, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
Revenue Notes:									
Telecommunications Notes:									
Bellevue State Bank	April 1, 2010	3.86%	\$1,000,000	\$ 956,358	\$ ---	\$ 956,358	\$ ---	\$ 26,090	\$ ---
Fidelity Bank	April 1, 2010	3.86%	1,000,000	956,353	---	956,353	---	26,093	---
Bellevue State Bank	March 8, 2012	3.50%	925,000	---	925,000	8,904	916,096	9,620	---
Fidelity Bank	March 8, 2012	3.50%	925,000	---	925,000	8,904	916,096	9,620	---
Bellevue State Bank	March 8, 2012	3.80%	500,000	---	500,000	4,692	495,308	5,646	---
Fidelity Bank	March 8, 2012	3.80%	500,000	---	500,000	4,692	495,308	5,646	---
Bellevue State Bank	March 8, 2012	3.75%	150,000	---	150,000	7,679	142,321	1,641	---
Fidelity Bank	March 8, 2012	3.75%	150,000	---	150,000	7,679	142,321	1,641	---
Total Revenue Notes			\$ 1,912,711	\$ 3,150,000	\$ 1,955,261	\$ 3,107,450	\$ 85,997	\$ ---	\$ ---
Other Obligations:									
General Fund - Interfund Loan	February 1, 2004	---	\$ 240,886	48,174	---	\$ 24,089	\$ 24,085	\$ ---	\$ ---
Water Fund - Interfund Loan	June 30, 2004	---	400,000	200,000	---	40,000	160,000	---	---
Total Other Obligations			\$ 248,174	\$ 64,089	\$ 184,085	\$ ---	\$ ---	\$ ---	\$ ---

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES  
JUNE 30, 2012**

**General Obligation Notes**

Year Ending June 30	Street, Water, Sewer		Street/Sidewalk		Street/Sidewalk		Street/Water/Sewer		Street/Water/Sewer	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
	Issued September 1, 2006		Issued May 29, 2009		Issued May 29, 2009		Issued November 29, 2009		Issued November 29, 2009	
2013	4.150%	\$ 195,000	3.95%	\$ 35,000	3.95%	\$ 35,000	3.75%	\$ 25,000	3.75%	\$ 25,000
2014	4.200%	200,000	3.95%	35,000	3.95%	35,000	3.75%	25,000	3.75%	25,000
2015	4.250%	210,000	3.95%	35,000	3.95%	35,000	3.75%	25,000	3.75%	25,000
2016	4.300%	220,000	3.95%	35,000	3.95%	35,000	---	---	---	---
2017	---	---	3.95%	35,000	3.95%	35,000	---	---	---	---
2018	---	---	3.95%	35,000	3.95%	35,000	---	---	---	---
2019	---	---	3.95%	35,000	3.95%	35,000	---	---	---	---
2020	---	---	---	---	---	---	---	---	---	---
2021	---	---	---	---	---	---	---	---	---	---
2022	---	---	---	---	---	---	---	---	---	---
Total		\$ 825,000		\$ 245,000		\$ 245,000		\$ 75,000		\$ 75,000

**SCHEDULE "3" (Continued)**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES  
JUNE 30, 2012**

**General Obligation Notes**

Year Ending June 30	Sewer Refunding				Street/Refunding				Storm Sewer			
	Issued March 1, 2010		Interest Amount		Issued September 15, 2011		Interest Amount		Issued June 1, 2012		Interest Amount	
	Rates				Rates				Interest Rates		Interest Rates	Total
2013	1.70%	\$	145,000		3.24%	\$	42,500		2.99%	\$	45,000	\$ 547,500
2014	2.00%		155,000		3.24%		42,500		2.99%		45,000	562,500
2015	---		---		3.24%		42,500		2.99%		45,000	417,500
2016	---		---		3.24%		42,500		2.99%		45,000	377,500
2017	---		---		3.24%		42,500		2.99%		45,000	157,500
2018	---		---		3.24%		42,500		2.99%		45,000	157,500
2019	---		---		3.24%		42,500		2.99%		45,000	157,500
2020	---		---		3.24%		42,500		2.99%		45,000	87,500
2021	---		---		3.24%		42,500		2.99%		45,000	87,500
2022	---		---		---		---		2.99%		45,000	45,000
Total		\$	300,000			\$	382,500			\$	450,000	\$ 2,597,500

See accompanying independent auditor's report.

**SCHEDULE "3" (Continued)**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES  
JUNE 30, 2012**

**Revenue Notes**

Year Ending June 30	Telecommunications		Telecommunications		Telecommunications		Telecommunications	
	Issued March 8, 2012		Issued March 8, 2012		Issued March 8, 2012		Issued March 8, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2013	3.50%	\$ 23,799	3.50%	\$ 23,799	3.80%	\$ 12,354	3.80%	\$ 12,354
2014	3.50%	24,645	3.50%	24,645	3.80%	12,832	3.80%	12,832
2015	3.50%	25,522	3.50%	25,522	3.80%	13,328	3.80%	13,328
2016	3.50%	26,430	3.50%	26,430	3.80%	13,844	3.80%	13,844
2017	3.50%	27,370	3.50%	27,370	3.80%	14,379	3.80%	14,379
2018	3.50%	28,343	3.50%	28,343	3.80%	14,935	3.80%	14,935
2019	3.50%	29,351	3.50%	29,351	3.80%	15,512	3.80%	15,512
2020	3.50%	30,395	3.50%	30,395	3.80%	16,112	3.80%	16,112
2021	3.50%	31,476	3.50%	31,476	3.80%	16,735	3.80%	16,735
2022	3.50%	32,596	3.50%	32,596	3.80%	17,383	3.80%	17,383
2023	3.50%	33,755	3.50%	33,755	3.80%	18,055	3.80%	18,055
2024	3.50%	34,956	3.50%	34,956	3.80%	18,753	3.80%	18,753
2025	3.50%	36,199	3.50%	36,199	3.80%	19,478	3.80%	19,478
2026	3.50%	37,486	3.50%	37,486	3.80%	20,231	3.80%	20,231
2027	3.50%	38,820	3.50%	38,820	3.80%	21,013	3.80%	21,013
2028	3.50%	40,200	3.50%	40,200	3.80%	21,826	3.80%	21,826
2029	3.50%	41,630	3.50%	41,630	3.80%	22,670	3.80%	22,670
2030	3.50%	43,111	3.50%	43,111	3.80%	23,547	3.80%	23,547
2031	3.50%	44,644	3.50%	44,644	3.80%	24,457	3.80%	24,457
2032	3.50%	46,232	3.50%	46,232	3.80%	25,403	3.80%	25,403
2033	3.50%	47,876	3.50%	47,876	3.80%	26,385	3.80%	26,385
2034	3.50%	49,579	3.50%	49,579	3.80%	27,406	3.80%	27,406
2035	3.50%	51,343	3.50%	51,343	3.80%	28,465	3.80%	28,465
2036	3.50%	53,169	3.50%	53,169	3.80%	29,566	3.80%	29,566
2037	3.50%	37,169	3.50%	37,169	3.80%	20,639	3.80%	20,639
Total		<u>\$ 916,096</u>		<u>\$ 916,096</u>		<u>\$ 495,308</u>		<u>\$ 495,308</u>

See accompanying independent auditor's report.

**SCHEDULE "3" (Continued)**

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES  
JUNE 30, 2012**

Year Ending June 30	Revenue Notes			Other Obligations			
	Telecommunications		Telecommunications	Water/Sewer Improvements		Water	
	Issued March 8, 2012		Issued March 8, 2012	Issued February 1, 2004		Issued June 30, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2013	3.75%	\$ 22,940	3.75%	\$ 22,940	---	\$ 24,085	\$ 64,085
2014	3.75%	23,815	3.75%	23,815	---	---	40,000
2015	3.75%	24,724	3.75%	24,724	---	---	40,000
2016	3.75%	25,667	3.75%	25,667	---	---	40,000
2017	3.75%	26,646	3.75%	26,646	---	---	---
2018	3.75%	18,529	3.75%	18,529	---	---	---
2019	---	---	---	---	---	---	---
2020	---	---	---	---	---	---	---
2021	---	---	---	---	---	---	---
2022	---	---	---	---	---	---	---
2023	---	---	---	---	---	---	---
2024	---	---	---	---	---	---	---
2025	---	---	---	---	---	---	---
2026	---	---	---	---	---	---	---
2027	---	---	---	---	---	---	---
2028	---	---	---	---	---	---	---
2029	---	---	---	---	---	---	---
2030	---	---	---	---	---	---	---
2031	---	---	---	---	---	---	---
2032	---	---	---	---	---	---	---
2033	---	---	---	---	---	---	---
2034	---	---	---	---	---	---	---
2035	---	---	---	---	---	---	---
2036	---	---	---	---	---	---	---
2037	---	---	---	---	---	---	---
Total		\$ 142,321		\$ 142,321		\$ 24,085	\$ 184,085

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Receipts:</b>										
Property tax	\$ 830,566	\$ 837,102	\$ 722,589	\$ 667,720	\$ 644,719	\$ 642,154	\$ 546,571	\$ 498,867	\$ 487,876	\$ 543,041
Tax increment financing	250,105	286,488	401,214	297,412	293,229	51,096	76,502	66,993	67,051	37,085
Other city tax	212,676	185,434	171,326	170,662	169,377	168,422	144,020	141,572	164,223	173,660
Licenses and permits	18,610	13,719	14,698	14,593	13,420	13,421	11,327	9,760	4,803	4,780
Use of money and property	9,847	12,344	9,664	11,965	23,776	48,022	36,768	19,623	66,214	17,434
Intergovernmental	301,156	526,356	482,684	305,970	267,203	256,036	300,198	430,717	262,901	331,270
Charges for services	43,844	34,254	33,159	30,433	35,237	35,284	37,140	27,336	23,310	24,672
Miscellaneous	80,938	432,125	576,039	127,373	130,960	62,297	91,906	95,226	147,064	47,042
<b>Total</b>	<b>\$ 1,747,742</b>	<b>\$ 2,327,822</b>	<b>\$ 2,411,373</b>	<b>\$ 1,626,128</b>	<b>\$ 1,577,921</b>	<b>\$ 1,276,732</b>	<b>\$ 1,244,432</b>	<b>\$ 1,290,094</b>	<b>\$ 1,223,442</b>	<b>\$ 1,178,984</b>
<b>Disbursements:</b>										
Operating:										
Public safety	\$ 622,602	\$ 690,612	\$ 434,801	\$ 590,501	\$ 406,646	\$ 401,721	\$ 383,556	\$ 358,504	\$ 374,221	\$ 354,078
Public works	403,312	429,592	359,853	476,719	419,147	2,048,764	576,783	336,235	292,279	211,154
Culture and recreation	280,469	272,426	238,277	297,908	240,738	274,190	273,144	373,284	552,543	253,251
Community and economic development	26,558	50,640	76,579	70,805	7,053	6,987	10,055	12,630	9,259	18,112
General government	431,432	347,785	346,116	327,883	327,948	358,703	397,234	259,011	259,108	277,566
Debt service	617,641	690,358	656,952	876,026	456,016	440,669	200,076	182,654	199,858	237,793
Capital projects	378,484	36,649	697,932	352,917	431,850	---	---	---	50,520	---
<b>Total</b>	<b>\$ 2,760,498</b>	<b>\$ 2,518,062</b>	<b>\$ 2,810,510</b>	<b>\$ 2,992,759</b>	<b>\$ 2,289,398</b>	<b>\$ 3,531,034</b>	<b>\$ 1,840,848</b>	<b>\$ 1,522,318</b>	<b>\$ 1,737,788</b>	<b>\$ 1,351,954</b>

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated January 29, 2013. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with another comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the other information.

Internal Control Over Financial Reporting

The management of the City of Bellevue is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Bellevue's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Bellevue's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bellevue's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.



A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bellevue's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-D-12 and I-E-12 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-F-12 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellevue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of non-compliance that are required to be reported under Government Auditing Standards which is noted in Part I items I-A-12, I-B-12 and I-C-12 in the accompanying Schedule of Findings. In addition, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bellevue's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bellevue's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bellevue and other parties to whom the City of Bellevue may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bellevue during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor, Brooks & Co., P.C.*

Dubuque, Iowa

January 29, 2013

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

I-A-12 Telecommunication Services – The City did not consistently allocate the wages of City employees performing services for the telecommunication municipal utility as required by Chapter 388.10 of the Code of Iowa. No wages for service calls were allocated to the Telecommunications Fund during the year resulting in an understatement of telecommunication service expenses of an unknown amount.

Recommendation – All wages of employees performing telecommunications work should be allocated to the Telecommunications Fund.

Response – An agreement has been worked out between the Utility and the City for mutual use of the telecommunication system. In the future, this agreement will include utility staff support of operations.

Conclusion – Response accepted.

I-B-12 Telecommunication Services – The City transferred money from the General Fund to the Telecommunications Fund. This may not be in accordance with Chapter 388.10 of the Code of Iowa which states a city that owns or operates a municipal utility providing telecommunications cannot use General Fund monies for the ongoing support or subsidy of a telecommunications system.

Recommendation – The City should not support telecommunications from other governmental funds. The City should consider consulting an attorney regarding whether the Telecommunications Fund may possibly have to repay monies received from the General Fund.

Response – This matter has already been corrected and will not occur again.

Conclusion – Response accepted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012**

**Part I: Findings Related to the Financial Statements: (Continued)**

- I-C-12 Telecommunication Services – By having a deficit balance in the Telecommunications Fund, the fund is in effect borrowing from the City's other funds including the General Fund which is not allowed according to Chapter 388.10 of the Code of Iowa.

Recommendation – The City should consider borrowing funds from outside sources to eliminate the deficit.

Response – The City will investigate that option at the earliest possible convenience. The City is also raising rates and looking at ways to reduce expenses to eliminate the deficit. These efforts should resolve the problem.

Conclusion – Response accepted.

**MATERIAL WEAKNESSES**

- I-D-12 Segregation of Duties - One important aspect of the internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the individual who reconciles the City's checking account is also authorized to sign checks.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain maximum internal control possible under the circumstances. We recommend that the bank statements be delivered directly to the City Administrator for review before being given to the individual responsible for the account reconciliations.

Response - We believe we are doing everything possible to segregate duties. The City Administrator is reviewing bank statements first.

Conclusion - Response accepted.

- I-E-12 Vendors - The City Clerk is able to add new vendors to the City's records prior to receiving approval of the City Council or City Administrator.

Recommendation - The City Administrator should continue to approve all new vendors that the City does business with. Where practical, the City Council should also specifically approve these on a monthly basis.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012**

**Part I: Findings Related to the Financial Statements: (Continued)**

Response – We have approved a policy under which the City Administrator will authorize all new vendors. In addition, the City Council reviews new vendors on a monthly basis.

Conclusion - Response accepted.

**SIGNIFICANT DEFICIENCIES:**

I-F-12 Employee Pay Rates – It was noted that two City employees were performing duties for the City departments other than their usual department and not being paid overtime.

Recommendation – The City should ensure employees are being paid accordingly.

Response – The City will ensure employees are being paid properly.

Conclusion – Response accepted.

**Part II: Other Findings Related to Statutory Reporting:**

II-A-12 Certified Budget - Disbursements during the year ended June 30, 2012, exceeded the amount budgeted in the capital projects function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-12 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

- II-D-12 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marie Zeimet, Administrative Staff, Owner of Zeimet's Garage, Inc.	Repairs & Maintenance	\$ 2,047

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the employees do not appear to represent conflicts of interest since the transactions with each individual were less than \$2,500 during the fiscal year.

- II-E-12 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-12 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but weren't.

- II-G-12 Revenue Notes - The City has established the appropriate account required by the telecommunications revenue note resolution. During the year, the City made the required transfers to the account. Even though the required transfers were made, the fund balance was still insufficient to meet the sinking account requirements of the telecommunication revenue resolution, so the City has a net earnings violation.

Recommendation - We recommend that the City review the status of the Telecommunication Fund and investigate ways to improve the cash position to comply with the note resolution requirement regarding fund balance.

Response - The City staff will discuss with the Council ways to improve the cash position so the City complies with the bond resolution.

Conclusion - Response accepted.

- II-H-12 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**CITY OF BELLEVUE  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

II-I-12 Financial Condition - The LOT – Street Improvement Fund, Sewer Rental Fund, and the Telecommunications Fund had deficit balances at June 30, 2012, in the amount of \$8,601, \$10,620, and \$34,031, respectively.

Recommendation - The City should investigate alternatives to eliminate the deficits in these funds in order to return the funds to a sound financial position.

Response – The LOT – Street Improvement Fund has a positive balance as of December 31, 2012. The Sewer Rental Fund paid for the Park Street Improvements which resulted in a negative balance. Normal operating revenue should return the fund to a positive balance in the near future. The Telecommunications operation will continue to be analyzed on both the expense and revenue side to provide for a return to profitability.

Conclusion - Response accepted.